

ASSOCIATION RULES AND
REGULATIONS

BY-LAWS
OF
THORNTON CONDOMINIUMS OWNERS' ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

ARTICLE I

1.1 Name. The name of the organization shall be THORNTON CONDOMINIUMS OWNERS' ASSOCIATION, INC., hereinafter called "Association".

ARTICLE II

2.1 Purpose. The purpose for which this non-profit Corporation is formed is to govern the Condominium Property situated in the County of Travis, State of Texas, which Property is described on the attached Exhibit "A", which by this reference is made a part hereof, and which Property has been submitted to a Regime according to the provisions of the Condominium Act of the State of Texas. All the terms, conditions, definitions and covenants of the Condominium Declaration for THORNTON CONDOMINIUMS, (hereinafter referred to as the "declaration") are incorporated herein by reference for all purposes.

2.2 Owner Obligation. All present or future owners, tenants, future tenants or any other person who might use the facilities of the Project in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the Condominium Units (hereinafter referred to as "Units") of the Project or the mere act of occupancy of any said Units will signify that these By-Laws are accepted, ratified and will be strictly followed.

ARTICLE III

3.1 Membership. Any person on becoming an Owner of a Condominium Unit shall automatically become a Member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Condominium Unit. Such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connect with Thornton Condominiums during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one (1) Membership Card per Unit to the Owner(s) of a Condominium Units. Such Membership Card shall be surrendered to the Secretary whenever ownership of the Condominium Unit designated thereon is terminated.

3.2 Voting. Voting shall be on a per Unit basis. The Owner of each Unit is entitled to a single vote. If a Unit has more than one Owner, any one of such Unit Owners shall be entitled to vote or act on behalf of all of the Unit Owners of such Unit, without the joinder of the other Unit Owners and which vote or action shall be deemed to be the unanimous vote or action of all such Unit Owners, unless all of the Unit Owners of such Unit shall have designated in writing prior to such vote or action one or more of such Unit Owners, or a third party by proxy, who shall be authorized to vote or act on behalf of such Unit Owners. A copy of such written designation or proxy shall be filed with the board of directors before any such vote may be cast. Absent such written designation or proxy, if only one of the Unit Owners of a Unit is present at a meeting of the Association, that person may cast the vote or votes allocated to that Unit, and if more than one of the Unit Owners of a Unit is present, the vote allocated to that Unit may, at the request of any of such Unit Owners, or in the event of disagreement among such Unit Owners, shall be divided in equal parts among such Unit Owners. Multiple Unit Owners are deemed to be unanimous agreement if one of the multiple Unit Owners casts the vote(s) allocated to a Unit and none of the other Unit Owners makes a prompt protest to the person residing over the meeting. The present number of votes that can be cast by the Unit Owners is twenty-two (22).

3.3 Majority of Unit Owners. As used in these By-Laws, the term "majority of unit owners" shall mean those Owners with fifty-one percent (51%) of the votes entitled to be cast.

3.4 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of Unit Owners" as defined in Paragraph 3.3 of this Article shall constitute a quorum. Unless otherwise provided in the Declaration or these By-Laws, when a quorum of Owners is present at any meeting, a majority vote of the Owners present, either in person or by proxy, shall be sufficient to either defeat or approve any proposed action. If a quorum is not present, the provision of Paragraph 4.7 of these By-Laws will control.

3.5 Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE IV

4.1 Declarant Control. Notwithstanding any provision herein to the contrary, and in accordance with Paragraphs 4.2 and 4.3 of the Condominium Declaration of Thornton Condominiums, the Declarant, Thornton Condominiums, Ltd., a Texas corporation, shall retain control over management of the benefit of the Unit Owners and any first mortgagees of record and for the purpose of insuring both a complete and orderly conversion and a timely sellout of the Project Units. This control shall last no longer than three years from the date the first Unit is sold, transferred or conveyed, or 120 days after the sale of seventy-five percent (75%) of the Units, whichever event shall first occur.

4.2 Association Responsibilities. The Owners of the Units will constitute the Association of the Unit Owners, (hereinafter referred to as "Association"), who will have the responsibility of administering the Condominium Project through a Board of Directors.

4.3 Place of Meetings. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Directors and designated in the notices of such meetings.

4.4 Annual Meetings. Annual meetings shall be held the first (1st) Monday of October each year. The first annual meeting and each meeting thereafter, the Association shall elect a Board of Directors in accordance with the requirements of Paragraph 4.6 of the By-Laws. The Owners may also transact such other business of the Association as may properly come before them.

4.5 Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the Owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of two-thirds (2/3rds) of the Owners present, either in person or by proxy.

4.6 Notice of Meetings. The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed to his last known post office address, as shown on the records of the Association, by uncertified mail, postage prepaid. Such notice shall be mailed not less than five (5) days no more than twenty (20) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand or left at his residence in his absence. If requested, any mortgagee of record or its designee may be entitled to receive similar notice.

4.7 Adjourned Meeting. If any meeting of Owners cannot be organized because quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting for not less than five (5) days, but not more than twenty (20), and the required quorum at the subsequent meeting shall be twenty-five percent (25%) of the aggregate interest of the undivided Ownership of the Common Elements.

4.8 Order of Business. The order of business at all meetings of the Owners of Units shall be as follows:

- a. Roll call
- b. Proof of notice of meeting or waiver of notice
- c. Reading of minutes of preceding meeting
- d. Reports of officers
- e. Reports of committees
- f. Election of Directors
- g. Unfinished business
- h. New business

ARTICLE V

5.1 Number and Qualification of Board of Directors. The affairs of this Association shall be governed by a Board of Directors composed initially of three (3) persons. The following persons shall act in such capacity and shall manage the affairs of the Association until their successors are elected, to-wit:

Betty Beckham	1803 W. Koenig Ln. Austin, Texas 78756
Steven Withers	2021 Blue Bonnet Lane # 201 Austin, Texas 78727
Greg Beckham	1803 W. Koenig Ln. Austin, Texas 78756

Except for the persons appointed to the initial Board of Directors during the period of Declarant Control as defined in the Declaration, a Director must own an interest in a Condominium Unit of Thornton Condominiums to qualify for election to the Board of Directors.

5.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential Condominium Project. The Board of Directors may do all such acts and things that are not by these By-Laws, the Articles of Incorporation, or by the Condominium Declaration for Thornton Condominiums directed to be exercised and done by the Owners.

5.3 Other Powers and Duties. The Board of Directors shall have the following duties.

- a. To administer and enforce the covenants, conditions, restriction, uses, limitations, obligations and all other provisions set forth in the Condominium Declaration and these By-Laws.
2. To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of this Condominium Project with the further right to amend same form delivered or mailed to each Member promptly upon the adoption thereof.
- c. To keep in good order, condition and repair all of the General and Limited Common Elements and all items of personal property used in the enjoyment of the entire Premises.
- d. To insure and keep insured all of the insurable Common Elements of the Property IN an amount equal to their maximum replacement value, as provided in the Declaration. Further, to obtain and maintain comprehensive liability insurance covering the entire Premises in such amounts as the Board of Directors deems necessary. To insure and keep insured all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners of the Condominium Units and their first mortgagees. The limits and coverage shall be reviewed at intervals of not less than three (3) years and adjusted, if necessary, to provide such

be reviewed at intervals of not less than three (3) years and adjusted, if necessary, to provide such coverage and protection as the Association may deem prudent. So long as the Federal Home Loan Mortgage Company (FHLMC), Federal National Mortgage Association (FNMA) and Governmental National Mortgage Association (GNMA) is a mortgagee of a Condominium Unit in the Project, or owns a Unit therein, the Association shall maintain, in effect at least, such casualty, flood and liability insurance and a fidelity bond, meeting standards established by FHLMC, FNMA, and GNMA for planned development, as published in the FHLMC, FNMA or GNMA. Workmen's compensation insurance shall at all times be carried to the extent required to comply with an applicable law with respect to the employees, if any, of the Association.

e. To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expenses. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.

f. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and these By-Laws.

g. To protect and defend the entire Premises from loss and damage by suit or otherwise.

h. To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration, the Articles of Incorporation and these By-Laws; to execute all such instruments evidencing such indebtedness which shall be the several obligations of all of the Owners in the same proportion as their interest in Common Elements.

i. To enter into contracts within the scope of their duties and power.

j. To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.

k. To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners and any first mortgagee of a Unit, and to cause a complete audit of the books and accounts by a competent accountant, once each year. The Association shall cause to be prepared and delivered annually to each Owner and audited statement showing all receipts, expenses or disbursements since the last such statement. Such audited financial statements shall be available to any first mortgagee of a Unit, on request, within ninety (90) days following the fiscal year end of the Project.

l. To meet at least once each quarter.

m. To designate the personnel necessary for the maintenance and operation of the General and Limited Common Elements.

n. To employ accountants, bookkeepers, architects, attorneys, and other professional services necessary in the operation of the Homeowner's Association.

o. To make available to each Owner, upon request, during normal business hours, current copies of the constituent documents, including the Declaration, By-Laws and Articles of Incorporation.

p. To grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

q. To purchase, acquire, hold, lease, and/or sell individual units of the Project pursuant to the authority granted by the provisions of the recorded Declaration, the Articles of Incorporation, and these By-Laws and in such situations as the Association deems necessary or useful for the protection of the Owners or operation of the Project; to expend funds and to execute lease, and/or sale or a Unit. This power shall not be construed as a restriction on the right of a Unit Owner to sell, transfer or otherwise convey his or her Unit nor as the creation of any right of first refusal.

r. In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of Condominium ownership.

5.4 Election and Term of Office. At the first (1st) annual meeting of the Association the term of office of one (1) of the Directors shall be fixed for one (1) year, the term of office of one (1) of the Directors shall be fixed at two (2) years, and the term of office of the remaining one (1) Director shall be fixed at three (3) years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of office of each respective Director; his successor shall be elected to serve a term of three (3) years. The persons acting as Directors shall hold office until their successors have been elected and hold their first (1st) meeting.

5.5 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person as elected shall be a Director until a successor is elected at the next annual meeting of the Association. The person elected at the next annual meeting of the Association to replace the vacancy will serve until the expiration of the term of the person whose position was vacated.

5.6 Removal of Director. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

5.7 Organization Meeting. The first (1st) meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.8 Regular Meetings. Regular meetings of the Board of Directors may be held at such times and place as shall be determined, from time to time, by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of directors shall be given to each Director, personally, by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

5.9 Special Meeting. Special Meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least two (2) Directors. The President or Secretary will give three (3) days personal notice to each Director by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

5.10 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.11 Board of Director's Quorum. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business, which might have been transacted at the meeting, as originally called, may be transacted without additional notice.

5.12 Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association. Such fidelity bonds shall name the Association as an obligee, and shall be written in an amount equal to at least the estimated maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all units plus reserve funds.

5.13 Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE VI

6.1 Designation of Officers. The officers of the Association shall be a President, Vice President, Secretary/Treasurer and Assistant Secretary, all of whom shall be elected by the Board of Directors and all of whom, except the Assistant Secretary, must own an interest in a Condominium Unit of Thornton Condominiums.

6.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

6.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

6.4 President: The President shall be the chief executive officer of the Association. He shall preside at all meetings of both the Association and the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the Owners to assist in the administration of the affairs of the Association. The President, or his designated alternate, shall represent the Association at all meetings of the Thornton Condominiums Owners' Association, Inc.

6.5 Vice President: The Vice President shall have all the powers and authority and perform all the duties of the President in his absence, or his inability for any reason to exercise such powers and functions and perform such duties, and such other duties as may be required of him from time to time by the Board of Directors or the President.

6.6 Secretary/Treasurer: The Secretary/Treasurer shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct; and he shall, in the general, perform all the duties incident to the office of the Secretary.

a. The Secretary/Treasurer shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall show opposite each Member's name, the number of the Members living in the Unit and the parking space and storage space assigned for use in connection with such Unit. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

b. The Secretary/Treasurer shall have responsibility for the Association funds and shall receive and deposit in appropriate bank accounts designated by the Board of Directors all money of the Association and shall disburse such as directed by resolution of the Board of Directors; provided, however that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors, including authority to (i) sign all checks and promissory notes of the Association; (ii) keep proper books of account; (iii) cause an annual statement of the Association's books to be made at completion of each fiscal year; (iv) prepare an annual budget and a statement of income expenditures to be presented to the Membership at its regular annual meeting and deliver a copy of each to the Members; and (v) perform all other duties assigned to him by the Board of Directors.

6.7 Assistant Secretary: The Board of Directors shall elect, as necessary, such persons as it desires to have serve as Assistant Secretary and such person so elected need not be an Owner of a Condominium Unit. The Assistant Secretary will perform the duties of secretary, as delegated by the Board except any duties dealing with the funds of the Association.

ARTICLE VII

7.1 Management Company. The Board of Directors may enter into a management agreement with a Management Company or managing agent at a rate of compensation agreed upon by the Board of Directors. In accordance with the Declaration and these By-Laws, the Management Company shall have, but shall not be limited to, the following functions, duties and responsibilities:

a. Fiscal Management.

1. Prepare annual operating budget detailed to reflect expected operation for each month. This budget is established to show expected recurring receipts and operating disbursements. It is further used for comparison with actual monthly income and expenditures.
2. Prepare five (5) year sinking fund reserve budget projection for capital expenditures on items recurring only periodically, i.e., painting, etc., for Common Elements.
3. Prepare yearly or more frequently, operating and cash position statements and statements concerning sinking fund reserve accounts.
4. Analyze and compare operating receipts and disbursements against the Board-approved budget. Where a significant variation is shown (20% above or below the budgeted amount), prepare explanations of variations from budgeted figures. Suggest corrective recommendations, if applicable.
5. Collect maintenance fees and special assessments; deposit them in checking, savings or other income-producing accounts on behalf of the Board and maintain comprehensive records thereof. Establish individual checking and sinking fund reserve accounts, as directed by the Board.
6. Mail notices of delinquency to any Owner in arrears, and exerts reasonable effort to collect delinquent accounts.
7. Examine all expense invoices for accuracy and pay all bills in a prompt and timely manner.
8. Prepare year-end statement of operations for Owners.

9. Assist in the yearly audit to be performed by a certified public accountant.

b. Physical Management.

1. Assume full responsibility for maintenance and control of Common Area improvements and equipment. Maintain the Property in constant repair to reflect Owner pride and to insure high property values in accordance with the provisions of the operating budget, as approved by the Board of Directors.

2. Enter into contracts and supervise services for lawn care, swimming pool care, refuse hauling, pump maintenance, etc., as approved by operating budgets.

3. Select, train and supervise competent personnel, as directed by the Board.

4. Compile, assemble and analyze data; and prepare specifications and call for bids for major improvement projects. Analyze and compare bids, issue contracts and coordinate the work; maintain close and constant inspection to insure that work is performed according to specifications.

5. Perform any other projects with diligence and economy in the Board's best interest.

c. Administrative Management.

1. Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to Vendors.

2. Obtain and analyze bids for insurance coverage specified in By-Laws, recommend modifications or additional coverage. Prepare claims when required and follow up on payment; act as Board's representative in negotiating settlement.

3. Exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Resident-Owner relationships.

4. Act as liaison for the Association in any negotiations or disputes with local, federal or state taxing agencies or regulatory bodies.

5. Exercise close supervision over hours and working conditions of employed personnel to insure compliance with Wage and Hour and Workman's Compensation Laws.

6. Assist in resolving individual Owner's problems as they pertain to the Association, Common Elements and governing rules and regulations.

7. Represent an absentee Owner, when requested.

8. Attend quarterly meeting of Board of Directors and provide input to the Board as needed or as directed by the Board.

9. Administer the Condominium Project in such a way as to promote a pleasant and harmonious relationship within the complex for all Owners, Residents and Tenants alike.

7.2 Initial Management Company. The initial management company notwithstanding other provisions of these By-Laws to the contrary, shall have all of the duties of the Board of Directors during the period of declarant control as provided for in the Declaration.

ARTICLE VIII

8.1 Indemnification. The Association shall indemnify every Director, officer, and managing agent, his heirs, executors and administrators, and successors or assigns, against all loss, cost and expense, including counsel fees reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director, officer or managing agent of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director, officer, or managing agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article VIII shall be deemed to obligate the Association to indemnify any Member or Owner of a Condominium Unit, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under any by virtue of the Condominium Declaration for Thornton Condominiums as a Member or Owner of a Condominium Unit covered thereby. This Right of Indemnification extends to every Director, officer or managing agent, whether suit is brought against them in their official capacity or individual capacity.

ARTICLE IX

9.1 Assessments. All Owners shall be obligated to pay the monthly assessments imposed by the Association to meet the Common Expenses as defined in the Declaration. The assessments shall be made pro rata according to the proportionate share of the Unit Owner in and to the Common Elements and shall be due monthly in advance. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these By-Laws, only if he is current in the assessments made or levied against him and the Condominium Unit owned by him.

9.2 Maintenance and Repair.

a. Every Owner must perform promptly at his own expense all maintenance and repair work within his own Condominium Unit, which if omitted would affect the project in its entirety or in part belonging to other Owners.

b. All the repairs of internal installations of the Unit such as water, light, gas power, sewage, telephone, air conditioners, sanitary installations, doors, windows, glass electrical fixtures, floor and wall coverings and all other accessories, equipment and fixtures belonging to the Unit area shall be at the Owner's expense.

c. An Owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any General or Limited Common Element damaged by his negligence or by the negligence of his tenants or agents, or the Owner's failure to maintain those items of which the Owner is responsible for maintenance.

9.3 Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims to mechanic's lien filed against other Condominiums Units and the appurtenant General Common Elements for labor, materials, services or other products incorporated in the Owner's Condominium Unit. In the event suit for foreclosure is commenced, then within ten (10) days thereafter such Owner shall be required to deposit with the Association cash or negotiable securities equal to double the amount of such claim plus interest at the rate of ten percent (10%) for one year together with a sum equal to ten percent (10%) of the amount of such claim but not less than Three Hundred and No/100 Dollars (\$300.00), which latter sum may be used by the Association For any costs and expenses incurred, including attorney's fees. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursements of such funds or proceeds shall be made to ensure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees, shall be paid forthwith by the subject Owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the Owner and a lien against his Condominium Unit which may be foreclosed as is provided in Article V of the Declaration. Such Owner shall be liable to the Association for payment of interest at the rate of ten percent (10%) of all sums paid by the Association until the date of repayment by such Owner.

9.4 General.

a. Each Owner shall comply strictly with the provisions of the Condominium Declaration for Thornton Condominiums, the Articles of Incorporation and these By-Laws and amendments and supplements thereto.

b. Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which Project was built.

9.5 Use of General Common Elements and Limited Common Elements. Each Owner may use the General Common Elements and the Limited Common Elements in accordance with the purposes for which they were intended.

9.6 Use of Units B Internal Changes.

a. All Units shall be utilized for residential purposes only.

b. An Owner shall not make structural modifications or alterations to his Unit or installations located therein.

9.7 Right of Entry.

a. An Owner shall grant the right of entry to the Managing Agent or to any other person authorized by the Board of Directors in case of any emergency originating in or threatening his Unit, whether the Owner is present at the time or not.

b. An Owner shall permit other Owners, or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In case of emergency, such of entry shall be immediate.

9.8 Destruction or Obsolescence. Each Owner shall, if necessary, execute a power of attorney in favor of the Association, irrevocably appointing the Association his attorney in fact to deal with the Owner's Condominium Unit upon its destruction, obsolescence or condemnation, as is provided in Paragraph 6.1 of the Condominium Declaration.

ARTICLE X

10.1 Abatement and Enjoinment. The violation of any rule or regulation promulgated by the Board of Directors, or the breach of any By-Law, or the breach of any provision of the Declaration, shall give the Board of Directors or the Managing Agent, the right, in addition to any other rights set forth therein, (a) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespassing, and to expel, remove and put out same, using such force as may be necessary in so doing, without being liable to prosecution or in damages therefore; and (b) enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XI

11.1 Rights. The Association and any aggrieved unit Owner shall have an appropriate right of action against Unit Owners for failure to comply with the provisions of the Declaration and these By-Laws, or with decisions of the Association which are made pursuant thereto. Any Unit Owner shall have similar rights of action against the Association.

ARTICLE XII

12.1 By-Laws.

a. After relinquishment of Declarant control of the Association, as set forth in Article IV, these By-Laws may be amended by the Association at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by Owners representing at least sixty-seven percent (67%) of the aggregate interest of the undivided Ownership of the Common Elements except for those amendments provided therein.

b. Until relinquishment of Declarant control of the Association, these By-Laws may be unilaterally amended by the Declarant to correct any clerical or typographical error or omission, or to change any provision to meet the requirements of the Federal Home Loan Mortgage Corporation, Federal Housing Administration, or other institutional Lenders.

ARTICLE XIII

13.1 Notice to Association. An Owner who mortgages his Unit shall notify the Association through the President of the Association giving the name and address of his Mortgagee. The Association giving the name and address of his Mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Condominium Units."

13.2 Notice of Unpaid Assessments. The Association shall, at the request of a Mortgagee of a Unit, report any unpaid assessments due from the Owner of such Unit.

ARTICLE XIV

14.1 Legal Requirements. These By-Laws are set forth to comply with the requirements of the State of Texas Condominium Act. If any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply. To the maximum extent possible, these By-Laws will be constructed to be in compliance with the Texas Condominium Act.

ARTICLE XV

15.1 Non-Profit Purpose. This Association is not organized for profit. No Unit Owner, Member of the Board or Directors or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any of any member of the board of directors: provided, however, always, (i) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one (1) or more of the purposes of the Association; and (ii) that any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XVI

16.1 Address. The principal office of the Association shall be located at 1403 West Sixth Street, Austin, Texas 78703, but may be located at such other suitable and convenient place as shall be permitted by law and designated by the Directors.

ARTICLE XVII

17.1 Authorized Agents. The persons, who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and the Secretary/Treasurer of the Association.

ARTICLE XVIII

18.1 Attestation: Adopted by the Board of Directors on _____.

Attest: _____

RULES FOR THORNTON CONDOMINIUMS

These Rules apply to the Units and Common Elements of the Thornton Condominiums. By owning or occupying a Unit in the Thornton Condominiums, each Unit Owner and each occupant agrees to abide by these Rules, as well as the obligations of Owner and occupants of the Units as provided in the Declaration and Bylaws.

For Convenience, these Rules restate some of the restrictions and covenants contained in the Declaration. Most of these Rules, however, are in addition to the restrictions and covenants found in the Declaration. Words and phrases defined in the Declaration shall have the same meaning when used in these Rules. In the event of a conflict between governing documents, the hierarchy of authority shall be as follows: Declaration (highest), Bylaws, these Rules (lowest).

SECTION 1. COMPLIANCE

- 1.1 **Compliance.** Each Owner shall comply with the provisions of these Rules, the Declaration, and the Bylaws, as any of these may be revised from time to time (collectively, the "governing documents"). Each Owner, additionally, shall be responsible for compliance with the governing documents by the occupants of his or her Unit, and his, her or their respective invitees, tenants, agents, employees or contractors. Use of "Owner" or "occupant" in these Rules shall be deemed to include and apply to the Owner and to all persons for whom Owner is responsible. An Owner or occupant should contact the Board if he or she has a question about these Rules.
- 1.2 **Additional Rules.** Each occupant shall comply with all rules and signs posted from time to time on the Condominiums by the Association including those regulating the use of any recreational facilities. Such posted rules are incorporated in these Rules by reference. Each occupant shall comply with notices communicated by the Association, from time to time, in the nature of seasonal or temporary rules, or notice of change affecting use of the Condominiums. Such temporary rules are incorporated in these Rules by reference.
- 1.3 **Waiver.** Certain circumstances may warrant waiver or variance of these Rules. An Owner must make written application to the Board for such waiver or variance. If the Board deems the waiver or variance warranted, the Board may condition its approval, which must be in writing to be effective.

SECTION 2 - OBLIGATIONS OF OWNERS AND OCCUPANTS

- 2.1 **Safety.** Each occupant is solely responsible for his or her own safety and for the safety, well-being and supervision of his guests and any person on the Condominiums to whom the occupant has a duty of care, control or custody.

- 2.2 **Damage.** Each Owner is responsible for any loss or damage to his or her Unit, other Units, the personal property of other occupants or their guests, or to the Common Elements and improvements, if such loss or damage is caused by the Owner or by any person for whom the Owner is responsible.
- 2.3 **The Association Does Not Insure.** Each occupant is solely responsible for insuring his or her Unit and all personal property in the Unit and on the Condominiums, including furnishings, automobiles, and items kept in storage areas provided by the Association, if any. Personal property placed in or on the Condominiums shall be solely at the risk of occupant or the Owner of such personal property. The Association advises Owners and occupants to purchase insurance on their personal belongings.
- 2.4 **Risk Management.** No occupant shall permit anything to be done or kept in his or her Unit or the Common elements which will result in the cancellation of insurance on any common elements or which may be in violation of any law.
- 2.5 **Reimbursement for Enforcement.** An Owner shall promptly reimburse the Association for any expenses incurred by the Association in enforcing the governing documents against the Owner, his or her Unit or persons for whom the Owner is responsible.
- 2.6 **Reimbursement for Damages.** An Owner shall promptly reimburse the Association for the cost of damage to the Condominiums caused by negligent or willful conduct of the Owner or the persons for whom the Owner is responsible.

SECTION 3 - GENERAL USE AND MAINTENANCE OF UNITS

- 3.1 **Use.** Each Unit must be used solely for single family residential use, and may not be used for commercial business purposes. This restriction shall not prohibit a occupant from using his or her Unit for personal business or professional pursuits; provided that: (i) such use is incidental to the Unit's single family residential use; (ii) such use conforms to all applicable laws and ordinances; (iii) there is no external evidence of such use; and (iv) such use does not entail visits to the Unit by the public, employees, suppliers or clients.
- 3.2 **Annoyance.** No Unit may be used in any way that: (i) may reasonably be considered annoying to occupants of neighboring Units; (ii) may be calculated or reasonably be considered to reduce the desirability of the Condominiums as a residential community; (iii) may endanger the health or safety of other occupants; or (iv) may violate any law or any provision of the governing documents.
- 3.3 **Maintenance.** Each Owner, at the Owner's sole cost and expense, shall maintain the interior of the Unit and keep it in good repair, including the inner finished surfaces of the Unit's perimeter walls, floors, doors, and ceilings, and the appliances therein, including any entry and exit doors,

windows, any patio, the interior of any balcony, and any other Limited Common Elements which are appurtenant to such Unit.

- 3.4 **Compliance with Hazardous Material Laws.** All Owners and occupants shall comply with all laws, ordinances, and regulations with respect to hazardous material. No Owner shall permit any hazardous materials to be stored or released anywhere in the Condominiums. An occupant shall not store or maintain anywhere on or in the Condominiums (including within a Unit) explosives or materials capable of spontaneous combustion or articles deemed extra hazardous to life, limb, or property. Firewood shall be stored in an area that is screened from Common Area views.
- 3.5 **Utilities.** Each occupant shall endeavor to conserve the use of utilities furnished through the Association.
- 3.6 **Parking.** The Association may designate "visitor only" parking spaces on general common elements. No Owner or occupant shall ever park in any such designated visitor spaces. Only visitors of Owners and occupants shall be permitted in such designated spaces. Each Owner shall use the off-street driveways which are part of the limited common elements assigned to such Owner's Unit for parking all vehicles owned or leased by such Owner.
- 3.7 **Patio/Terrace/Balcony.** Each occupant shall keep such Owner's Unit and patio, terrace, or balcony in a good state of cleanliness, taking care that the cleaning of such patio, terrace, or balcony does not annoy or inconvenience other occupants. A patio, terrace, or balcony may not be enclosed for storage purposes. If the Board determines that a patio, terrace or balcony is unsightly, the Owner shall be give notice by the Board to correct the problem within 15 days, after which the Board may take corrective action at the Owner's expense. Clothes lines are prohibited.
- 3.8 **Air Conditioning Equipment.** Each Owner, at such Owner's sole cost and expense, shall maintain, repair and replace the heating and cooling equipment/system serving such Owner's Unit.
- 3.9 **Glass.** Owners, at their sole cost and expense, shall promptly repair and replace any broken or cracked glass in such Owner's Units windows and doors.

SECTION 4 - GENERAL USE & MAINTENANCE OF COMMON ELEMENTS

- 4.1 **Intended Use.** Every area and facility in the Condominiums may be used only for its intended and obvious use. For example, walkways, stairways, sidewalks and driveways are to be used exclusively for purposes of access, not for social congregation or recreation.
- 4.2 **Grounds.** Unless the Board designated otherwise, occupants may not use or abuse the landscaped areas, lawns, beds, and plant materials on the general common elements. The following are expressly prohibited: digging, planting, pruning, climbing, and curbing pets or animals. Unless

reserved by written permission of the Board for the exclusive use of an Owner or occupant, the general common elements constituting the landscaped areas and any other recreational general common elements may be used for general recreation by all of the Owners or any occupant between 5:00a.m. and 10:00p.m. each day.

- 4.3 **Abandoned items.** No item or object of any type shall be stored, placed, or maintained anywhere on the general common elements, except by the Board or with the prior written consent of the Board. Items of personal property found on general common elements are deemed abandoned and may be disposed of by the Board.
- 4.4 **Gates.** The entrance gates are not a security device and will remain open as determined by the Board. The Board will determine and advise Owners of entry procedures for hours when the gates are closed.

SECTION 5- COMMUNITY ETIQUETTE

- 5.1 **Courtesy.** Each occupant shall endeavor to use his or her Unit and the common elements in a manner calculated to respect the rights and privileges of other occupants.
- 5.2 **Annoyance.** An occupant shall avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other occupants or their guests, or the Associations's employees and agents.
- 5.3 **Noise and Odors.** Each occupant shall exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb occupants of other Units.
- 5.4 **Reception Interference.** Each occupant shall avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception of others.
- 5.5 **No Personal Service.** The Association's employees and agents are not permitted or authorized to render personal services to occupants. Each occupant agrees that the Association is not responsible for any item or article left with or delivered to the Associations's employees or agents on behalf of such occupant.
- 5.6 **Compliance with Law.** Occupants may not use a Unit or any portion of the Condominiums for unlawful activities. Occupants shall comply with applicable laws and regulations of the United States and of the State of Texas, and with the ordinances, rules, and regulations applying in Austin, Texas. An occupant who violates this provision shall hold the Association and other Owners and occupants harmless from all fines, penalties, costs, and prosecutions for the occupant's violation or noncompliance.

SECTION 6 - ARCHITECTURAL CONTROL

- 6.1 **Common Elements and Units.** Without the Board's prior approval, a person may not change, remodel, decorate, destroy, or improve the common elements or the exterior of a Unit, nor do anything to change the appearance of the common elements or a Unit. Owner(s) may not post any signs, banners or placards in windows or on common area walls or grounds.
- 6.2 **Board Approval.** To obtain the Board's written consent for a modification, an Owner must submit to the Board complete plans and specifications showing the nature, kind, shape, size, materials, colors and location for all proposed work, and any other information reasonably requested by the Board. The Board's failure to respond to the Owner's written request within forty-five (45) days after it receives the Owner's request shall be construed as a denial of the proposed changes.

SECTION 7- MISCELLANEOUS

- 7.1 **Security.** The Association may, but shall not be obligated to, maintain or support certain activities within the Condominiums designed to make the Condominiums less attractive to intruders than it otherwise might be. The Association, its directors, committees, members, agents, and employees shall not in any way be considered an insurer or guarantor of security within the Condominiums, and shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each owner, occupant, guest, and invitee on the Condominiums assumes all risk for loss or damage to his or her person, to his or her Unit, to the contents of his or her Unit, and to any other of his or her property on the Condominiums. The Association expressly disclaims and disavows warranty of merchantability or fitness for any particular purpose relative to any security systems, equipment, or measures recommended, installed, or undertaken within the Condominiums.
- 7.2 **Right to Hearing.** An Owner may request in writing a hearing by the board regarding an alleged breach of these Rules by the Owner or occupant of the Owner's Unit. The Board will schedule a hearing within thirty (30) days of receiving the Owner's written request. At the hearing, the Board will consider the facts and circumstances surrounding the alleged violation. The Owner may attend the hearing in person, or may be represented by another person or written communication.
- 7.3 **Mailing Address.** An Owner who receives mail at any address other than the address of his or her Unit shall be responsible for maintaining with the Association a notice of the Owner's mailing address. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the governing documents shall be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Unit shall be deemed effective for purposes of delivery.

- 7.4 **Revision.** These Rules are subject to being revised, replaced, or supplemented. Owners and occupants are urged to contact the management office to verify the rules currently in effect on any matter of interest. These Rules shall remain effective until ten (10) days after the Association mails notice of an amendment or revocation of these Rules to the Owner of each Unit.
- 7.5 **Other Rights.** These Rules are in addition to and shall in no way whatsoever detract from the rights of the Association under the Declaration, Bylaws, Articles of Incorporation and the laws of the State of Texas.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the initial Rules of the Thornton Condominiums Association, inc., a Texas non-profit corporation and condominium association, as adopted by the initial Board of Directors at its organization meeting on the ___ day of _____ 2006.

IN WITNESS WHEREOF, I hereunto set my hand this the _____ day of _____ 2006.

THORNTON CONDOMINIUMS ASSOCIATION,
INC.

By: _____
_____, Secretary

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

Before me, the undersigned authority, on this _____ day of _____, 2006, personality appeared _____, Secretary of the THORNTON CONDOMINIUMS ASSOCIATION, INC., a Texas non-profit corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of the non-profit corporation.

NOTARY PUBLIC, State of Texas

AFTER RECORDING, RETURN TO:

Christopher Malish
1403 West Sixth Street
Austin, Texas 78703